TSN PLENARY SESSION NOTES
June 04-06, 2002 Meeting

The following meeting summary reflects the discussion and questions raised during each of the presentations. The actual presentations given at the meeting are posted separately. This document recaps the discussion between the presenters and the audience. The issues discussed remains under the authority and decision of the U.S. Customs Service.

Tuesday, June 4

I (a). <u>AM Account Portal Demonstration</u>

Questions:

- Art Litman had a concern about populating the portal with importer information. High volume users need the ability to upload information from their systems directly to Customs. They do not want to keystroke everything.

- Will Customs be providing an on-line help manual? Everyone is not computer savvy.

- Bob Perkins: Would the portal provide the ability to download entries that have been flagged for reconciliation so that the broker could compare the data with what they had?
  Answer: The portal will provide a download capability.

- Steve Graham: Will the importer or filer be able to modify data on line via the portal? If so, then there would be a difference between the source data from the filer and what Customs has.

- Peggy Rutledge: Can anyone go in and change someone else's data?
  Answer: Security and access control will prevent that.

- MJ Fiocco: Will PGA requirements also be included in the portal?
  Answer: There are two task orders addressing operational and institutional PGA issues.

- Is the portal mandatory or optional for an account? Art Litman talked about uploading information and John Durant talked about liquidation notices being displayed via the portal. This sounds like it is mandatory. Regular importers, brokers and carriers should be interested in using the portal. At this time, however, Customs does not see first time importers having portal access.

- Sandra Scott: Will the portal be available for truck carriers in Increment 1.2?

Answer: That is the current plan.

- Peggy Rutledge: How does Customs plan to leverage this tool to get better consistency from port to port?

- Sandra Scott: Can you take a MOT and find out which ports certain transactions came through?

- Will there be different access levels?

- Peggy Rutledge: Under the Compliance Area – Can the trade see how they are doing on an audit?

- Karla Seckinger: Is this one COTS system or several joined together?
  Answer: One COTS product modified by eCP.

- Barry O'Brien: Will this portal handle future ocean AMS transmissions?

- Sandra Scott: Do you envision a separate screen for PGA data?

- Will the trade have a search capability? Example: all reconciliation entries

- Gil Duhn: How secure is the network on which the trade data travels?

- Will the trade be able to configure the individual eye views to their preference?
  Answer: No

- If you have more than one identifier – will they be linked?

- Sandra Scott: Are the accounts responsible for entering their data such as name and address, or will Customs do that?
  Answer: That is a deployment issue.

- Kathy Hansen: Have you determined how you will identify multiple addresses for an account – will it be based on the IR number?

- Peggy Rutledge: Is the Business partner number different from the IR number?
  Answer: Yes

- Is it a number assigned by the system?
  Answer: Yes

- Is this an internal number?
  Answer: Yes

- Will the Trade need to store this number for transmission to Customs?
  Answer: No – number will be used internally only.

- Jim Casler: What will Customs do to keep the trade identifier unique?
  Answer: eCP is looking at this issue as part of the design.

- Will the trade be able to update their information such as address, contact, etc.?
  Answer: Design issue

- Kathy Hansen:
  1. Would the trade have a change screen to update notes and information?
  Answer: Yes
  2. Can the Trade restrict an authorized broker by port?

- Gil Duhn: Would this restrict all other brokers from making An entry for this importer?
  Answer: It could
  Answer: (Jim Casler) If this is what the trade needs, the accounts team will take a look at this requirement.

- Gil Duhn: Once Customs has the data, will they create trade relationships based on incoming transactions?

- Sandra Scott: Are we only dealing with U.S. companies that the Account has a relationship with or can the account include foreign companies?

- Tom Anastasi: Will the relationships stored in the account be used to edit or validate incoming transactions?
  Answer: The intention here was to give the relationship party access to the account data, but the system could be used to validate the transaction to determine if the broker, for example, is authorized to file the entry – this is a design issue.

- Peggy Rutledge: Can you accept a flat file from trade members that currently stores this information for their own use?

- Chip Bown: How will the system handle name changes?
  Answer: The system can track a name and/or corporate structure change based on date, user ID of person making the change, and the previous information and still keep the account primary ID.

- Peggy Rutledge: Can I see all of the relationships another account has?
  Answer: No

- Orrin Ramstad: When changes are made to the account data will there be a historical tracking of data prior to the change?
  Answer: Transactional history is a standard feature of the COTS package

- Bruce Haskell: Is there any checking to ensure there is no duplication of the numbers being used to identify an account? For example, IRS numbers and their suffixes?

- Bruce Haskell: Will the internally assigned numbers be used to ensure accuracy of the information attributed to an account?

- Kathy Hansen: How will changed data be stored – by date, change, etc?
  Answer: Can be sorted in any way that you would like to see it.

- Stewart Hauser: Will every importer in the U.S. be required to have an account, even those that importer once or twice?

- Kathy Hansen: Can the trade send an electronic response to Customs and have it stored in the significant activity log?

- Sandra Scott: We thought the portal was going to be available to the trade in October 2002 and now you are saying February 2003?

I (b). PM Account Portal Demonstration

Questions:
- Will the data be coming directly out of Customs ACS System?
  Answer: Yes

- Where will the unique identifier come from?

- Where will we get all the data for the account portal?

- Bob Perkins:
  1. Will the importer have to update the system in order for the broker to be able to see the data?
  Answer: Yes
  2. Will the broker be prohibited from filing the entry for an importer if the importer has not been identified by the account?
  Answer: No, but some importers want this.

- Jerry Cook: Commerce releases certain data for an account. Will this continue? Will the account structure allow prohibition?
  Answer: Commerce releases based on their rules. The system will not change that process.

- Art Litman: Does the party inputting the data control who sees the data and what is available to them?

Answer: Yes

- Steve Graham: Information is coming from Customs entries and account data. Will manifest information be available?
  Answer: Yes, but not shown on this demo.

- Can this system be used to view previously sent 28's to avoid sending more?
  Answer: Yes

- Does the importer have primary control over all of this data?
  Answer: Yes

- Is the data in the system considered "proprietary" between Customs and the importer?
  Answer: Yes- Customs would only be releasing information that is legally mandated to be released.

Overall Positive Responses to the Portal

1. It was live data
2. Multiple view
3. Dynamic customized views
4. Reduction of redundant data
5. Easy access between databases
6. Quick view and additional information available
7. Drill down approach
8. Broad range of data
9. Not limited to big accounts
10. Collaboration between account and Customs
11. COTS makes it easier to make changes
12. Potential for global presence using portal concept
13. Consistency of views between trade and Customs
14. Potential for uniform treatment of account
15. Flexibility

Overall Concerns in Response to the Portal

1. With the amount of data that can populate a screen, there may be problems getting to the data.
2. Brokers need a quicker way to input data for their many clients
3. Problem with incompatibility of EDI formats
4. Uniqueness of data
5. Can there be a way into the data without going through the internet
6. Security of data
7. Who gets access and how is it controlled?
8. What other data could be collected and made available?

9. If the brokers set up the accounts, how will the actual importer get access? Passwords, etc.
10. One password per company or per employee? And what access will they have?
11. Who will verify the validity of the data? Who is liable?
12. Can more than one individual log on to the same account?
13. Who has to submit data and what requirements are there?
14. What if the relationship has been severed between parties, can the previous data be accessed?
15. Can we do transactional data through the portal?
16. Will the final business requirements be made available to the trade?
17. How many users can access at the same time?
18. What is the statutory basis for collecting the relationship data?
19. If the filer changes data, how will the legacy data be reconciled with the transactional data?
20. What are the international implications?
21. Will foreign nationals be able to access the data? How will you know they are foreign?
22. Security in downloading data? Will the information get out of the system?
23. Can they customize reports?
24. What do we need to do to implement this successfully?
25. Will there be information available that is really useful to the trade? Advance notice of penalty, for example – so the problem can be fixed.
26. Will the importers and other trade members that are not in the TSN get to input their comments and concerns?
27. Need to get valid, accurate, current data
28. Is the Customs process going to be re-engineered so that the same info requests (for example) do not repeat?
29. Will Customs be trained to use this information in all locations?
30. Continue dialogue with PGA's
31. Flexibility needs to be built in
32. Maintenance of the tremendous amount of information necessary to make the system useful
33. Need exposure to AMS
34. Potential of "red tape" about who can and cannot have access
35. Definition of "confidentiality of information"
36. Consistency of data
37. How will we get people in the trade community up to speed using this system?
38. Nothing shown on the screen relating to C-TPAT or any other special Customs program
39. No demonstration of the HELP function
40. Will the trade be able to query other database systems?
41. What kind of things does ACE need to do right?
42. Design sessions with the trade?
43. Need to see more details- specific answers to specific questions
44. In-transit visibility as the transaction goes through this process

45. Would like to have several prototype screens to look at and determine which is the better design
46. Use of the account portal should be optional and should not impact transaction data

<u>What can we do to promote the successful implementation of ACE?</u>

- Explain "what is in it for me" if I provide all of this input/data
- How does this system show me where the problems are BEFORE I am issued a penalty by Customs?
- How do we get this message out beyond the group that is attending these TSN meetings?
- The importer must have constant access to "live data" which will provide feedback regarding any potential issues.
- Effective training must be in place for Customs
- Continued dialogue with other agencies and the trade

II. <u>ACE Policy and Legal Issues</u>

Although generally, members were not happy with the revenue neutrality proposal they were not too outspoken about it. Dissatisfaction was expressed at smaller settings. They want to see more details of the proposals.

When Customs asked for the trade's opinion of the Customs' revenue neutrality proposal, a member stated that they would rather express their opinion at a smaller setting. It was suggested that the TSN perhaps, prepare a collective paper to be presented directly to Doug Browning and/or Customs Board of Directors. At the end, members decided to form a Legal Committee to address these issues.

The trade is particularly dissatisfied with the periodic payment proposal and will most likely pursue Congressional support for "interest free" legislation like the package that was recently pulled out by the Administration.

Customs took an action item to look at the possibility of adding the packing list to the regulations as a substitute for invoice (as a required entry document).

Questions:
- Lee Sandler:
  1. Under the proposed guidelines in the concept paper are entries which were assumed deemed liquidated protestable?
  Answer: Under the proposal, these entries could be protested.
  2. If an importer disagrees with Customs on a classification, is this protestable?
  Answer: It is currently and would be so in the future.
  3. Would the timing for surety protests be a reasonable period after demand?
  Answer: There is no intent to limit the time period.

- Gil Duhn: The proposals presented have benefits for Customs but not much for the trade. Has Customs considered the savings from reconciliations and other issues when the trade can make post-entry changes? Has this been factored into revenue neutrality?
  Answer: Other benefits have not been specifically looked into or rolled into the revenue neutrality issue. However, these benefits have been factored into the systems build.

- Art Litman: These issues should be discussed in smaller work groups.

- Has thought been given to moving all entry summary filing until the 10th of the following month? It is going to be confusing to the broker or importer when some entry summaries are due on the 10th of the following month and some are due on the 10th day after release.

- Kevin Smith: The Entry Committee unanimously supported the creation of a new committee to vet policy and legal issues and identify where there is agreement to move forward on the recommendations. A meeting with Customs' policy makers would then be needed. Customs is agreeable to the formation of a new TSN Committee to address legal and policy issues. John Peterson will assist from the trade's perspective. The establishment of this Committee quickly is imperative since the recommendations of what should be included in the Miscellaneous Tariff Bill would be due in July.

- George Weiss: The method described to achieve revenue neutrality on an IASS was not appropriate. The requirements were cumbersome and over-whelming and needed to be simplified. Customs was looking at revenue neutrality from the wrong perspective.

- Bob Perkins: ACE was supposed to provide a sense of business practicality. This proposal was going backwards. ACE is not addressing business processes.

- Jerry Cook: The issue of being able to use a packing list as an alternative to the commercial invoice required by Customs. In many cases, the commercial invoice was an artificial document. Customs questioned how many times filers were actually asked to provide a commercial invoice. Depending on the commodity being imported, this can happen quite often. Sandra Scott stated the trucking community would support the use of the packing list because the invoice forces the carrier to still have to handle paper.

Wednesday, June 5

I. Account Portal Summary/Open Discussion

Questions:

- What is the structure and access of the data?

- Will high volume users (brokers) have the ability to upload the information directly into the system without having to key stroke it in?

- Is the portal transparent enough for a novice user?

- Are there plans for on line documentation?

- Will there be the ability to flag entries within the system and compare them against historical files (e.g., reconstructed value for reconciliation?)
  Answer: yes- download capability

- There is a concern with the ability to manipulate (i.e., modify data in the system, and contaminate the original data): will there be a tracking/tracing ability?

- How will the PGAs who have their own requirements and web pages be worked in?

- Is the portal mandatory for accounts?
  Answer : Increment 1 will be voluntary for the first 40 accounts, but by the time we are at approximately 1100 accounts, we would expect importers to want to operate through the portal.

- Will the portal be available for carriers in 1.2?
  Answer: yes- in a skeletal format

Closing Comments from Sam Banks:

The trade needs to think about how this may change/have an impact on:
    - the internal company culture (i.e., current business practices)
    - interaction with different business partners
    - interaction with different PGAs
    - changes in occupational series
    - link to own companies' web page and/or internal links
In the interim, we need to build a system that can work with the "forms" system of ACS, but we need to work to develop a system that will eventually do away with that "forms" structure.

II. ACE Deployment Panel

Action Items:
- Need to find out whether CAFES will be included in Preferred or Standard Release.

This represents a policy decision for Customs. Currently CAFES is released on secondary, however there may be certain ports that release on primary

- Transponders should NOT be the only acceptable technology for trucks in R1.2 since LTL carriers do not use transponders. We should not take bar codes away
- eCP will work with Port Authorities and other agencies in trying to develop a national standard for transponders
- Need to provide the trade with a technical timeline as to when the trade will have to start using the new "systems" in ACE. Can the trade be provided with functional specs?

Questions:
- Sandra Scott:
  1. What happens if in the middle of the deployment schedule, ACE development stops because of lack of funding?
  Answer: Legacy systems will still be working to support the trade community. The reason the project is divided into cycles is for budget purposes- and to give each functional deployment its own financial independence. So, if funding is stopped, it would affect future deployment and deployment of functionality. A similar situation occurred with the delayed release of funding for Increment 2. The eCP decided to work "at risk" and cover operating costs until the funding would become available.
  2. What is meant in Increment 4 by the term Multi-modal Manifest?
  Answer: Multi-modal manifest means changing from one mode of transportation to another, e.g. vessel to rail.

- Gil Duhn: For the trade to be ready to test with the eCP when the time comes, the trade needs to have the EDI formats so they can prepare.

- When does the trade need to either modify or retire their own legacy systems?
  Answer: That is really an internal business decision for each company.

- When are legacy systems going to be decommissioned? The trade is confused by the term 'transparent'- what do you mean by that?
  Answer: Legacy systems will not be decommissioned until full functionality is available in ACE. Until Increment 4, for example, ACS will be the system of record so it will be needed to process transactions. However, the use of ACS as the system of record will be transparent to the trade in that the trade will use ACE functionality (or ABI functionality) to transmit information and any interaction with legacy systems will be behind the scenes. ABI will be available until 2006. When viewing data through the portal, you will not know the source of the information, whether it comes from ACE or ACS. The portal will be accessing the appropriate system for you and displaying the data requested.

- Does pre-filing mean pre-release?
  Answer: yes

- Is CAFES included in Preferred or Standard release?
  Answer: this is a policy decision

- Tom Anastasi: Slide 6 shows ABI/AMS access through dial up only, will ACE be accepting data via frame relay and leased lines?
  Answer: Yes, the slide was not meant to imply data will be accepted only one way. The slide will be revised.

- Sandra Scott: Slide 6 does not show PGAs under ACE Database. Aren't they part of release 2 and thus should be included?
  Answer: The slide will be revised.

- MJ Fiocco: When are you going to start working with authorities on bridge and port facilities and expansion? Urban and state planning officials will need to be brought in as well. Sandra Scott, to follow up on MJ's question, are you looking for outside sources of funding from PGAs to support port expansion?
  Answer: Customs will not be pouring any new concrete, just installing transponder technology. They do not anticipate any significant costs in doing that.

- Can you identify the first seven ports?
  Answer: Not yet, criteria for evaluation has been presented to Customs.

- How many years' data will be available through the portal initially?
  Answer: Roughly, the last three years data will be available.

- Sandra Scott: Will e-release consist of BRASS type shipments?
  Answer: Yes it will.

- Art Litman: Will the G7 data set be the standard WCO set or a variant?
  Answer: It will be the standard set.

- Peggy Rutledge: Does this mean as of release 1.2 that carriers could also send the CUSCAR message?
  Answer: Yes it does.

- Sandra Scott: First my interpretation of e-release is that you are differentiating between low and high risk. In a truck LTL environment, if the carrier is C-TPAT, can all cargo be e-released if carrying other than the 40 accounts?
  Answer: First, LTL cargo is a policy decision which is being developed through C-TPAT. Second, the 40 importer accounts in release 1 are for testing account management and the web portal. They should not be confused with e-release and truck manifest in release 2. E-release is not related to the initial 40 accounts but is not exclusive of them either.

- Jerry Cook: Will an inspector make the decision or in some cases can the cargo simply move?
  Answer: Customs cannot allow any one type of cargo to simply flow because of security concerns. If you are a C-TPAT participant, you will have a greater certainty that your goods will be released quickly at primary.

- Are you really talking about two release mechanisms, one fast and one other and to qualify for a fast release you must be C-TPAT?
  Answer: Yes. Ideally, there should be one release mechanism with different grades.

- Will ACE support the Cargo Imp message?
  Answer: That is not part of release 2 which is truck only, but will be supported in Increment 2.

- Is there a requirement for 24-7 for release?
  Answer: That is a Customs policy decision.

- Sandra Scott:
  1. You show barcodes and transponders in ACE 1.2, are you considering the use of an electronic seal with information?
  Answer: Not in release 1.2
  2. If Congress mandates the use of an electronic seal, will you switch?
  Answer: We will do whatever Congress mandates.
  3. Will in-bond shipments on a truck exclude the shipment from e-release?
  Answer: In-bond is not covered in release
  4. ACE will always default to the shipment of the lowest compliance.
  Answer: CAFES may slow you down in I1 R2.

- What do you mean by "match"? Is this a hard match where if the carrier sends 012 and the filer sends 12, there will not be a match?
  Answer: That may still be a problem. It helps to know all of the issues in the design phase, but as of this point we don't know what all will be allowed. There are cases where zero is a significant digit. The inspector will ultimately make the decision whether to release.

- Will both transponders and proximity cards be used in the first release?
  Answer: Yes.

- Sandra Scott: The last MMM Committee meeting the truck carriers indicated they would need specific design requirement by October 2002 for budgeting and programming purposes to meet the scheduled release date. Is that realistic?

- What PGAs will be included in I1 R2? .
  Answer: Definitely FMCSA. The eCP is still working with INS to see if they can meet the deadline.

- When will the design requirements be available for Increment 2?
  Answer: The eCP does not release design requirements but we will be providing design-type information to the trade.

- Is transponder technology the only technology that will be used for trucks? This will not work for single load carriers that do not use transponders.
  Answer: eCP will ensure that other means are not excluded from Release 1.2 such as bar codes.

- Kathy Hansen: Who is your audience for truck carriers? None of the top 5 LTL carriers use transponders. In a mixed load you do not know until the truck reaches the border that you have an in-bond shipment. There is no relationship between the carrier and the broker.

- Sandra Scott: Have you talked to Canada about how they handle LTL shipments?
  Answer: Canada has worked out LTL requirements for CSA over the last three years.

- Tom Anastasi: Will barcodes be acceptable or just transponders?
  Answer: Transponders are faster, but barcodes will be acceptable.

- I see ACH Debit is provided for in Increment 2. What about ACH Credit?
  Answer: That is covered in I1 R2.

- Kathy Hansen: Are you trying to identify standards for transponders because various states and the Department of Transportation also have transponder standards? You need to work with them also.
  Answer: If DOT has a policy, we will work with them.

- When the entry summary is included under ACE, will ABI be cut off?
  Answer: No, ABI will be there until 2006.

- Will there be a new format required for the entry summary?
  Answer: Yes, but we will try to be as consistent as possible.

- Art Litman: The electronic invoice for remote location filing is 'broken'. Will that be fixed in ACE?
  Answer: It will be addressed in Increment 3.

- As program changes are required, will you be providing a timeline for requirements to meet those changes? The trade needs to know if this is a 2003 or 2004 budget issue.

- Where are improvements to AMS?
  Answer: They are in Increment 2.

- Where will the carrier bond issue be addressed?
  Answer: They will be addressed in Increments 2 and 3.

- Will the Significant Activity Log include data from TAPS and CAPS?
  Answer: Data for those systems is pulled from ACS. No decision has been made as to what data will be available in the SAL initially, but data feeds will be available over time.

- The trade needs a specific schedule on the migration of ACS to ACE. What are the changes in programming and hardware that they will need to consider? The trade doesn't have full understanding of what the full economic impact will be. Can the trade have functional specs?
  Answer: the eCP has an action item to provide specific timeline for transition. The delivery of specs to the trade is a Customs issue.

- What about software vendors knowing what the specs will be? Vendors would like Customs help since they need to know how much it will take and cost. They pass this on to the importers…the trade wants this topic covered at the upcoming TSN meeting.
  Answer: This is a Customs issue

III. C-TPAT
Primary Goals of USCS as of May 28, 2002:

- Border Control and Trade Facilitation
  - Programs to combat international terrorism
  - Improve flow of goods without impairing homeland security
- Investigations
  - Money laundering/terrorist funding
- Management and Modernizing
  - Rapidly modernizing US Customs automation system

Overall Response:

Carriers were the ones to express most of their concerns:
  a. It wasn't clear whether they need to comply with CTAP and the questionnaire since they are being asked by their importers to comply. They don't want to appear as uncooperative. CTPAT is now only available to importers but will be extended to carriers. Neil Shannon is supposed to go back to website and clarify.
  b. Carriers have a big concern with third-party non-bonded intermediaries such as NVOCCs and freight forwarders that really have the information

but will not cooperate with them since they usually don't want to pass on information to carriers.

Questions:

- Of the top 10 ports, how many locations have Customs negotiated inspections agreements with?
  Answer: An agreement exists with Canada for three ports. Agreements with Singapore and Belgium are close.

- Is a C-TPAT questionnaire available for all sectors of trade or just for importers?
  Answer: Currently C-TPAT is open to all importers. 105 have signed up to date. By the end of June, C-TPAT will be open to carriers to participate.

- The carriers are being pressured by importers to fill out the questionnaire or at least the portion that addresses carriers. Isn't there a separate questionnaire to be filled out by carriers and sent directly to Customs?
  Answer: Customs envisioned importers just talking to the carriers. After C-TPAT is open to carriers, the importer would just state on the questionnaire that the carrier is C-TPAT.

- Comment from Mary Anne Young: The carriers are receiving the questionnaire because the instructions from Customs tell the importer to go to their first tier service providers. Instructions need to be clarified until carriers can apply themselves.

- Kathy Hansen: Will transportation companies have input into CIP initiatives? Is the current view of CIP load specific? Who is in charge, TSA or C-TPAT? Customs has met with carriers to receive input as well as other industry groups. Kathy added that there may be some reluctance to join C-TPAT because the carriers do not know other agency requirements.

- Bob Perkins:
  1. Will C-TPAT be available to exporters?
  Answer: Importers who are also exporters and sign the C-TPAT agreement should receive benefits for exports also.
  2. Is AES Option 4 equal to C-TPAT?
  Answer: Neil was not certain.

- When will brokers be allowed to participate in C-TPAT?
  Answer: In July C-TPAT will be available to brokers.

- Sandra Scott: How will the program apply to the southern border? Carriers are not in full control of the cargo at all times. On the southern border, cargo sits in the warehouse waiting for the drayage driver to take it across the border.

- MJ Fiocco: How will other Customs programs fit into C-TPAT?

Answer: BASC and other similar programs will roll into C-TPAT.

- Kathy Hansen: What about NVOCCs and freight forwarders? Are there any plans for bonding them? Currently they receive cargo from the carriers but have no legal liability.
  Answer: It will be up to the carriers to work with the NVOCCs. As far as bonding, that is a Customs policy decision.

- Since manifest information is public information, is Customs working on making it more secure?
  Answer: There are bills on the Hill which address that, but Neil was not certain where they stand now. He will check into it.

- Amy Magnus:
  1.Will the compliance measurement questionnaire for the carrier or the importer be sent under a CF28?
  Answer: Yes
  2. What if the carrier does not respond? Sometimes the shippers hire the carrier, not the importer. Kathy Hansen added her concern that the carrier could receive a 'black mark' if the NVO did not respond. The carrier is not really in control of the cargo.

IV. USCS SUBJECT MATTER EXPERT PRESENTATION (SMEs)

There were no questions or comments concerning this presentation. The major items addressed included:

- Diverse backgrounds and subject matter field expertise the SMEs bring to the process.
- Provide hands-on experience on what happens in the Ports.
- SMEs also bring Headquarters knowledge and expertise to the process.
- The 2 groups (HQ & Field) bring different perspectives to the process.
- Emphasized how SMEs work with eCP in the requirements development process.
    a.   Provide a valuable resource to eCP staff
    b.   Explain the AS IS (how things really work) process
    c.   Provide expertise in developing the TO BE process (how things could work better) process.
    d.   Review documents and deliverables, i.e. Is this something Customs could live with? Is this something the trade could live with? If it won't work for the trade it won't work for Customs.

V. Federal Register Notice/Account Portal Test Update

The application period has been extended for 60 days- the closing date will now be approximately August 1, 2002.

VI. PGA Update Panel

Questions:
- Ken Bargteil: Customs has felt it necessary to involve the trade in the TSN- why isn't there a parallel process for PGA requirements?
Answer (Allison): The trade is involved through the ITDS Committee
FDA (Richard Baldwin): we have met with the trade and manufacturers across the country.
Federal Motor Carriers (DOT, MJ Fiocco): we have a federal advisory committee with representation from private sector members and they are interfacing systems that have been developed with prior representation.

- John Simpson: Which agencies have separate funding for ACE, and which will be funded through ITDS?
Answer: Gene Rosengarden stated that it will cost $90 million dollars to incorporate ITDS into ACE over the next four years. Individual agencies will have to fund their unique interfaces with the system, but ITDS will cover overall agency requirements. There is currently funding in the budget to cover work with FDA, Department of Agriculture, Department of Transportation and INS.

- John Simpson: What happened to the committee that was supposed to meet with the trade as provided for under Section 110 of the Data Management Improvement Act?
Answer: Gene Rosengarden responded that the task force had been set up with seventeen people (composed of government and private sector). They have been tasked with drafting a report to Congress by December on how to implement this entry/exit policy. There is a policy issue regarding whether the Canadians will be exempt from the entry exit system.

- How do we record entry/exit into ACE?
Answer: Shonnie Lyon from INS added that to date, there is no technological solution for land borders- but we know that the driver information will be part of ITDS. We need to build on what is currently there, but we may need additional requirements such as biometrics (2004).

- John Simpson: Has any effort been made to bring Fish and Wildlife back into ACE since they dropped out of ACS a few years ago and now have their own system?
Answer: They have not been contacted again at this point in time.

- Peggy Rutledge: Is FDA planning on moving to a new product code commodity system?

Answer: currently FDA works with a product code identifier to supplement the level of detail provided by the HS, but would like to move to a Commodity ID No. (like UPC system) that could be used by all agencies. FDA is now operating through OASIS, but FDA has asked for additional funds to enhance OASIS to integrate into ACE

- Gil Duhn: How will the trade get answers from the PGAs during the downtime? Answer: APHIS responded that they can now provide 24-7 service through their Kansas City office. FDA is in the process of working on a redundancy problem with their hardware. Currently they have a pilot in Buffalo that allows them to operate on a "virtual 24-7" system using staff available throughout the country to review documentation. Staff does not have to be located at the port where the merchandise is entering. DOT also reported they have procedures in place when coverage is not there. They are currently adding more staff on the southern border.

- What will happen to the simplified HTS system? Answer: we are operating in a world where we are increasingly moving toward the reduction of duties and the elimination of quotas…if the current legislation goes through we are hopeful to reduce the size of the tariff and the statistical system.

VII. Security Briefing

Major Items Addressed:
- The Customs ACE system is one of largest security systems in the Federal government.
- The system is audited on a regular basis.
- Most of the security policies Customs has to impose come from other government agencies, i.e. Census, BIS, State.
- ACE modernization will present difficult security risks and challenges.

Major Security Issues:
- Internet Risks (hackers)
- Security Administration
  - Firewalls
  - Password protection/access
  - Account user responsibility
- Getting certain attachments through the system.
- Data Back-up
- Data Purges
- Data Access and Response Time

There is always a balance between protection and functionality. The system will try to balance security needs and functionality requirements.

More users can mean the system can slow down and affect the capacity of the system. Technology is available for wire line speed devices to make the system more responsive. The goal of the security office will be to maintain the speed and responsiveness of the system.

VIII. Communications (Outreach & Education Effort)

Major Items addressed:

- Customs/eCP needs to develop a better communication system to provide the trade with information on what is going on with ACE development especially with what is going on with the current increments. This could include:
    a. More information provided on the Customs Modernization website, such as updates on deliverables, the account portal, requirements development, etc.
    b. email messages to TSN members when new information is posted on the Customs Modernization web site.

- The trade is willing to cooperate with eCP and Customs in getting information out on the ACE modernization program.

- The trade would like to get more information on ACE on a more timely basis so they can plan and determine the operational functionality they will need implement ACE and the cost associated with that development.

Thursday, June 6

I. G-7

G7 will be in ACE, but filers will have the option of using G7 or other standards. It will be easy to build translators in the system to accommodate few differences in formats.

Questions:
- Is the US working with Canada on data harmonization?
  Answer: Customs is working on harmonization through the WCO process which includes Canada.

- Is the US involved in any tests of G7 data like Canada and the UK are?
  Answer: John Hill is not aware of any such tests in the US. The US is focusing on ACE.

II. Deputy Commissioner Doug Browning

- Kathy Hansen: truck containers are examined in the Northern Border and Customs refuses to reseal them. This is in violation of CTPAT.
Answer: Customs will look into this and wants to know specific ports where this problem is occurring. CTPAT very important for the Commissioner and he understands the issues with the trade. While USCS is still negotiating with Canada, it is still working toward data elements at a "single digit."

- Comment from Stu Hauser: Recognize/honor New York for their outstanding job after 9/11
Answer: Customs and the trade are not at war. We have bigger enemies. We won't always agree but we can count on discussions. The events of 9/11 have brought rise to a difficult situation but also a silver lining in what we can do to shore up our supply chain security. There are incredible opportunities within our own country and worldwide.

- Question from Peggy Rutledge: Issues with CTPAT. Carriers role needs to be clarified.   Neil Shannon is going back to clarify information on website, however, in the meantime, she doesn't want importers to think that carriers are uncooperative.
Answer: We got a quick start on CTPAT and are still redefining what it is. He will take a note of this issue

- Question from Kevin Smith: Are we restructuring/re-engineering process or just automating current Customs system. Kevin thought that the ModAct was about re-engineering
Answer: Browning: ACE is not an IT project. It's a tool within modernization. However, while Customs has done a good job with its investment review process, and the IT, the piece that is missing is the business process. The latter is not as well integrated as the investment and IT. He is appointing a deputy executive to look after this area. This executive will determine what the processes will be; what skills the workforce will need, and what kind of training; what jobs will be created as a result of ACE. The focus is to bring the people and the IT components in place at the same time. The Mod Act has set out a good foundation but we need to move forward, and the way to do this is not merely through guidelines but through regulatory change. Chief Counsel and ORR staff have been permanently assigned to the CMO to make this happen.

- Question from Ken Bargteil: Because of retirements, lots of folks assuming new managerial positions at Customs, therefore he requested that Customs introduce the new folks to the trade as soon as possible.
Answer: Doug agrees with idea. He recognizes that there will be a bit of a brain drain. Customs has talented people. The challenge will be to bring them up to speed. But "young blood" allows for opportunities to make changes and build an organization from the ground up. However, the environment today is different

than 30 years ago and we have a work force that reflects the new environment-this new work force is not entrenched in a 30 year old perspective. We have an increased opportunity to engage people who have grown up with new technology and new technology is not foreign to them. We will miss the old Customs generation who have educated so many others, but we will be ok in terms of new hires.

- Question from Sandra Scott: What about training for middle tier?
  Answer: Doug created a simplified Columbia University program for GS 13s and 14s. There were over 500 applications. These slots will be available for 60 people.

III. TSN Committee Panel Briefings

Action Items:
- Policy/Regulatory Issue consideration on piece count.
- Policy/Regulatory Issue consideration for ocean ports "fast lanes."
- Policy/Regulatory Consideration to accept packing list, for example, in lieu of commercial invoice.

Account Committee (Louis Lisowski):
- How will the accuracy of the data be kept? How will updates be made? Who will govern what is input and deleted? What's the formal procedure for "interactive notes"? For example, a seizure is made, but Customs then realizes it's a mistake. We need to ensure that this information is communicated to everyone. Otherwise, the wrong information will exist for officers to formulate wrong decisions.
  Answer: The portal will be great for Customs for communications, but they recognize that these are potential problems that can happen and monitoring will be necessary.

Multimodal (Len Podgurny):
- Can they get functional specs from eCP by October 2002? Because of 1.2, truck requirements a minimum of 12 months to prepare for deployment

- Customs should look into the issue of quantity discrepancies between cargo data and entry summary data. Trade wants dialog with Customs on this issue. This should be resolved in ACE.
  Answer: Multimodal will set up a conference call prior to their August meeting to flush out this issue.

Revenue (Jim Phillips):
- Comment: Fees for other modes of transportation in addition to truck should be considered in Requirement REV 013.
  Answer: Multimodal member will send proposed language to Revenue Committee.

- Can TSN as body draft Memo to Congress expressing sense of this body that periodic payment needs to be taken into consideration through legislation.
  Answer: This will be considered.

Release Subcommittee (Tom Anastasi):
- How were the release dates picked (e.g. 60 days for sea)?
  Answer: These are the timeframes that ACS can handle now and that's why they were picked. Since this is being done based on current system, these timeframes will change particularly because of CTPAT.

- Question from Sandra Scott: Concern about emphasis on BRASS since southern border doesn't have BRASS-they instead pre-file all their data. Then with the opening of southern border, this will need to be addressed.
  Answer: PAPS is the same thing as pre-arrival and this is also taken into consideration.

- Why can't we envision "fast lanes" at ocean ports? This is necessary for cargo on ships which incur very short sailing time frames.

Entry (John Leonard):
- Customs should consider eliminating the requirement to submit commercial invoice. It should accept instead the packing list.
  Answer: Customs will look into this to perhaps expand the regulatory language to accept other documentation in lieu of commercial invoice, but still leave commercial invoice as an option.

- Will the committee consider the WCO's proposed Unique Consignment # for an importer?
  Answer: This number seems to refer to shipment. However, committee will consider suggestion.

- Will the panel presentations be available on the Website?
  Answer: Yes

Exports (Mike Ford):
- Has this committee looked into the issue of enforcing the BIS "exemption statement" on all exports?
  Answer: This issue has not been discussed yet, but plan to discuss at the meeting.

- Is the Committee considering the issue about mandatory pre-filing of data for all shipments including Option 4 (which would eliminate this option?)
  Answer: This is being discussed but because of legislation we will have to accept it as a requirement—no option

- What about enforcing ITN's?

Answer: It's currently being enforced by Customs now

- Is the committee looking into electronic seals and addressing the numbers for exports in ACE
  Answer: Will look into issue

- Is proof of export being addressed by the Committee?
  Answer: Yes, and will create subcommittee to look into TIBs, FTZs 214s closing export